



Budget Digest – Week of February 22

The President's Fiscal Year 2017 Budget

How would the President's budget affect our fiscal path? On February 9, 2016, the President released his final budget, missing the statutory deadline for submission for the 6th time during his administration. The latest budget ignores the looming fiscal crisis and doubles down on the same failed policies. The President's budget would:

- Never balance.
- Increase spending by \$2.5 trillion.
- Increase taxes by \$3.4 trillion.
- Grow deficits from \$438 billion last year to \$793 billion in 10 years.
- Keep debt held by the public at 75 percent of gross domestic product—the highest level since World War II.

THE PRESIDENT'S GROWING DEFICITS (Annual Deficits in the Billions)



Authorized by Chairman Tom Price, M.D., House Budget Committee

Source: OMB

What policies are proposed in the President's budget?

- A continuation of the war on oil and coal with \$38 billion in tax increases.
- A new \$10 per-barrel oil tax that [increases gas prices by 25 cents per gallon](#).
- Over \$1 trillion in new taxes on small businesses and financial institutions.
- A so-called "business tax reform" that raises \$549 billion in new taxes.
- Increases to the "death tax" of \$202 billion.
- Breaks the total discretionary spending caps by \$227 billion.
- Cuts to Medicare providers of \$445 billion.
- More enticements to states to expand Medicaid (3-year 100% federal match).
- An \$82 billion universal childcare program for low/moderate-income individuals.
- Two years of "free" community college for everyone at a cost of \$61 billion.

What are the next steps in the budget process? Republicans will propose a responsible budget that balances within 10-years, does not raise taxes, cuts spending, and sets the country on a path to eventually pay off the national debt.